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UNITED STATES PATENT AND  
TRADEMARK OFFICE

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BEFORE THE BOARD OF PATENT APPEALS  
AND INTERFERENCES

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*Ex parte* JULIE ANN LOEGER and VICKY ANN SMITH-DOYLE

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Appeal 2008-1534  
Application 10/701,098  
Technology Center 3600

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Decided: September 18, 2008

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Before WILLIAM F. PATE, III, HUBERT C. LORIN, and  
BIBHU R. MOHANTY, *Administrative Patent Judges*.

MOHANTY, *Administrative Patent Judge*.

DECISION ON APPEAL

STATEMENT OF THE CASE

The Appellants seek our review under 35 U.S.C. § 134 of the final rejection of claims 1-29. We have jurisdiction under 35 U.S.C. § 6(b) (2002). We AFFIRM.

## THE INVENTION

The Appellants' claimed invention is directed to an award system with increased payout options [0006]. In one embodiment the system allows consumers to electronically direct the awards into a checking or saving accounts of any institution [0007]. Claim 1, reproduced below, is representative of the subject matter of appeal.

1. A financial transaction system comprising: a financial institution;

a financial alternative to currency issued by the financial institution to one or more consumers; and

a participating merchant network accepting the financial alternative to currency to provide goods or services to the one or more consumers and receive reimbursement for the goods and services from the financial institution;

wherein the financial institution charges the one or more consumers for the goods or services purchased using the financial alternative to currency and provides to each of the one or more consumers an award related to a total value of the goods or services purchased by each of the one or more consumers using the financial alternative to currency; and

wherein further each of the one or more consumers' awards is electronically transferable, via a standard routing system, to one or more other financial accounts accepting electronic transfers through a the standard routing system, the standard routing system being used by a multitude of financial institutions for transfers unrelated to the one or more consumers' awards.

## THE REJECTIONS

The Examiner relies upon the following as evidence in support of the rejections:

Todd	US 2003/0061093 A1	Mar. 27, 2003
Bucci	US 6,786,400 B1	Sep. 7, 2004

The following rejections are before us for review:

1. Claims 1-29 are rejected under 35 U.S.C. § 103(a) as being unpatentable over Todd and Bucci.

## FINDINGS OF FACT

We find the following enumerated findings of fact (FF) are supported at least by a preponderance of the evidence<sup>1</sup>:

FF1. Todd discloses a system for rewarding customers of financial services providers. The system allows for reward transfers between accounts [0020].  
FF2. Todd discloses that reward points may be transferred to college tuition funds or retirement funds for a family member [0085].  
FF3. Bucci discloses a multiple account banking system which uses the ABA and DDA routing information which is established by the American Bankers Association National Numerical System (col. 4:23-31).

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<sup>1</sup> See *Ethicon, Inc. v. Quigg*, 849 F.2d 1422, 1427 (Fed. Cir. 1988) (explaining the general evidentiary standard for proceedings before the Patent Office).

## PRINCIPLES OF LAW

“Section 103 forbids issuance of a patent when ‘the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains.’” *KSR Int’l Co. v. Teleflex Inc.*, 127 S.Ct. 1727, 1734 (2007). The question of obviousness is resolved on the basis of underlying factual determinations including (1) the scope and content of the prior art, (2) any differences between the claimed subject matter and the prior art, (3) the level of skill in the art, and (4) where in evidence, so-called secondary considerations. *Graham v. John Deere Co.*, 383 U.S. 1, 17-18, (1966). See also *KSR*, 127 S.Ct. at 1734 (“While the sequence of these questions might be reordered in any particular case, the [*Graham*] factors continue to define the inquiry that controls.”)

In *KSR*, the Supreme Court emphasized “the need for caution in granting a patent based on the combination of elements found in the prior art,” *id.* at 1739, and discussed circumstances in which a patent might be determined to be obvious. In particular, the Supreme Court emphasized that “the principles laid down in *Graham* reaffirmed the ‘functional approach’ of *Hotchkiss*, 11 How. 248.” *KSR*, 127 S.Ct. at 1739, (citing *Graham*, 383 U.S. at 12 (emphasis added)), and reaffirmed principles based on its precedent that “[t]he combination of familiar elements according to known methods is likely to be obvious when it does no more than yield predictable results.” The Court also stated “[i]f a person of ordinary skill can implement a predictable variation, § 103 likely bars its patentability.” *Id.* at 1740. The operative question in this “functional approach” is thus “whether the

improvement is more than the predictable use of prior art elements according to their established functions.” *Id.*

The Court noted that “[t]o facilitate review, this analysis should be made explicit.” *Id.* at 1741 (citing *In re Kahn*, 441 F.3d 977, 988 (Fed. Cir. 2006) (“[R]ejections on obviousness grounds cannot be sustained by mere conclusory statements; instead, there must be some articulated reasoning with some rational underpinning to support the legal conclusion of obviousness”). However, “the analysis need not seek out precise teachings directed to the specific subject matter of the challenged claim, for a court can take account of the inferences and creative steps that a person of ordinary skill in the art would employ.” *Id.*

## ANALYSIS

The Appellant argues that the rejection of claims 1-29 under 35 U.S.C. § 103(a) as being unpatentable over Todd and Bucci is improper because there is no motivation to combine the references. The Appellant argues that the Bucci reference does not suggest that its transfer mechanism is appropriate for electronic transfers which relate to an award system (Br. 4). The Appellant further argues that the combination of the references is improper because it is counter to the purpose of Todd which seeks to facilitate transfers only among other accounts maintained by the same financial services provider (Br. 5).

In contrast the Examiner has determined that the combination of the references is appropriate because it provides Todd’s system with the means to transfer awards or funds between accounts located at various institutions (Ans. 6).

We disagree with the Appellant. In *KSR*, the Supreme Court rejected the Federal Circuit's rigid application of its teaching, suggestion, motivation test in favor of an expansive and flexible approach. *Id.*, 127 S. Ct. at 1739. The Supreme Court noted that often, it will be necessary "to look to interrelated teachings of multiple patents; the effects of demands known to the design community or present in the marketplace; and the background knowledge possessed by a person having ordinary skill in the art, all in order to determine whether there was an apparent reason to combine the known elements in the fashion claimed by the patent at issue." *Id.*, 127 S. Ct. at 1740-41. Here, Todd has disclosed a system for transferring rewards between accounts for different people (FF1&2). Bucci has disclosed a banking system which uses the ABA routing system for account transfers (FF3). Bucci's use of the ABA routing system will clearly enable the user to transfer funds between many different accounts. One of ordinary skill in the art would clearly recognize that the ABA routing system disclosed by Bucci could be used in any system in which value was to be transferred between accounts. The modification of Todd's reward system to use the ABA routing system of Bucci in order to transfer funds to many different accounts is an obvious predictable use of prior art elements according to their established functions with sufficient articulated reasoning and rational underpinning to support the legal conclusion of obviousness.

For the reasons above the rejection of claims 1-29 under 35 U.S.C. § 103(a) as being unpatentable over Todd and Bucci is sustained.

### CONCLUSIONS OF LAW

We conclude that Appellants have failed to show that the Examiner erred in rejecting claims 1-29 under 35 U.S.C. § 103(a) as unpatentable over Todd in view of Bucci.

### DECISION

The Examiner's rejection of claims 1-29 is sustained.

No time period for taking any subsequent action in connection with this appeal may be extended under 37 C.F.R. § 1.136(a)(1)(iv) (2007).

### AFFIRMED

vsh

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